

106TH CONGRESS
1ST SESSION

H. R. 2615

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 1999

Received; read twice and referred to the Committee on Small Business

AN ACT

To amend the Small Business Act to make improvements to the general business loan program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. LEVELS OF PARTICIPATION.**

2 Section 7(a)(2)(A) of the Small Business Act (15
3 U.S.C. 636(a)(2)(A)) is amended—

4 (1) in paragraph (i) by striking “\$100,000”
5 and inserting “\$150,000”; and

6 (2) in paragraph (ii) by striking “\$100,000”
7 and inserting “\$150,000”.

8 **SEC. 2. LOAN AMOUNTS.**

9 Section 7(a)(3)(A) of the Small Business Act (15
10 U.S.C. 636(a)(3)(A)) is amended by striking “\$750,000,”
11 and inserting, “\$1,000,000 (or if the gross loan amount
12 would exceed \$2,000,000),”.

13 **SEC. 3. INTEREST ON DEFAULTED LOANS.**

14 Subparagraph (B) of section 7(a)(4) of the Small
15 Business Act (15 U.S.C. 636(a)(4)) is amended by adding
16 at the end the following:

17 “(iii) APPLICABILITY.—Clauses (i)
18 and (ii) shall not apply to loans made on
19 or after October 1, 1999.”.

20 **SEC. 4. PREPAYMENT OF LOANS.**

21 (a) IN GENERAL.—Section 7(a)(4) of the Small Busi-
22 ness Act (15 U.S.C. 636(a)(4)) is amended—

23 (1) by striking “(4) INTEREST RATES AND
24 FEES.—” and inserting “(4) INTEREST RATES AND
25 PREPAYMENT CHARGES.—”; and

26 (2) by adding at the end the following:

1 “(C) PREPAYMENT CHARGES.—

2 “(i) IN GENERAL.—A borrower who
3 prepays any loan guaranteed under this
4 subsection shall remit to the Administra-
5 tion a subsidy recoupment fee calculated in
6 accordance with clause (ii) if—

7 “(I) the loan is for a term of not
8 less than 15 years;

9 “(II) the prepayment is vol-
10 untary;

11 “(III) the amount of prepayment
12 in any calendar year is more than 25
13 percent of the outstanding balance of
14 the loan; and

15 “(IV) the prepayment is made
16 within the first 3 years after disburse-
17 ment of the loan proceeds.

18 “(ii) SUBSIDY RECOUPMENT FEE.—
19 The subsidy recoupment fee charged under
20 clause (i) shall be—

21 “(I) 5 percent of the amount of
22 prepayment, if the borrower prepays
23 during the first year after disburse-
24 ment;

1 “(II) 3 percent of the amount of
 2 prepayment, if the borrower prepays
 3 during the second year after disburse-
 4 ment; and

5 “(III) 1 percent of the amount of
 6 prepayment, if the borrower prepays
 7 during the third year after disburse-
 8 ment.”.

9 **SEC. 5. GUARANTEE FEES.**

10 Section 7(a)(18)(B) of the Small Business Act (15
 11 U.S.C. 636(a)(18)(B)) is amended to read as follows:

12 “(B) EXCEPTION FOR CERTAIN LOANS.—

13 “(i) IN GENERAL.—Notwithstanding
 14 subparagraph (A), if the total deferred
 15 participation share of a loan guaranteed
 16 under this subsection is less than or equal
 17 to \$120,000, the guarantee fee collected
 18 under subparagraph (A) shall be in an
 19 amount equal to 2 percent of the total de-
 20 ferred participation share of the loan.

21 “(ii) RETENTION OF FEES.—Lenders
 22 participating in the programs established
 23 under this subsection may retain not more
 24 than 25 percent of the fee collected in ac-
 25 cordance with this subparagraph with re-

1 spect to any loan not exceeding \$150,000
2 in gross loan amount.”.

3 **SEC. 6. LEASE TERMS.**

4 Section 7(a) of the Small Business Act (15 U.S.C.
5 636(a)) is further amended by adding at the end the fol-
6 lowing:

7 “(28) LEASING.—In addition to such other
8 lease arrangements as may be authorized by the Ad-
9 ministration, a borrower may permanently lease to
10 one or more tenants not more than 20 percent of
11 any property constructed with the proceeds of a loan
12 guaranteed under this subsection, if the borrower
13 permanently occupies and uses not less than 60 per-
14 cent of the total business space in the property.”.

 Passed the House of Representatives August 2,
1999.

Attest:

JEFF TRANDAHL,

Clerk.

By MARTHA C. MORRISON,

Deputy Clerk.